BRITISH COLUMBIA

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highlights

a weekly digest of recently released British Columbia statistics

Private and Public Investment

- **Private and public sector investment in the province is expected to reach $18.2 billion this year, 4.4% less than in 1998.** Despite the decline, private and public sector organizations surveyed between October and January expect the deterioration this year to be more moderate than the 8.3% decrease seen in 1998. Investment by the public sector is expected to rise 8.7% (to $4.1 billion), while private sector organizations say they will spend $14.1 billion on new housing, plant and equipment this year, 7.6% less than in 1998.

  It is anticipated that total purchases of machinery and equipment will rise 2.7%, but construction is expected to be down 8.0% during 1999. The negative outlook for construction is largely driven by an expected 10.7% decline in residential investment. Non-residential projects are predicted to dip more moderately, falling 5.5%.

  Source: Statistics Canada

- **Across the country, investment intentions are generally weaker this year than in 1998.** Canadian private and public investment is expected to remain stagnant, increasing only 0.2% after rising 2.5% in 1998. Investment is expected to decline in seven provinces and territories this year, with NWT (-24.8%) being hardest hit. Private and public sector organizations in all four western provinces anticipate spending less on plant and equipment during 1999 than in 1998. Investors in central Canada were more bullish, predicting a 3.1% increase in Ontario, and growth of 1.6% in Quebec. New Brunswick (+23.0%) led the regions. *Source: Statistics Canada*

The Economy

- **BC retailers bucked a national trend in December, with sales increasing 0.4% (seasonally adjusted) over the November level, more than in any other part of the country.** Canadian retailers did not fare well during the Christmas rush. Sales were down 0.3% (seasonally adjusted) in December, as retail sales fell back in seven regions. Retailers in Newfoundland (-3.8%), NWT (-1.3%) and PEI (-0.9%) put in the weakest performance.

  Source: Statistics Canada

- **Retail sales in the province declined 1.5% during 1998, to $33.2 billion.** BC was the only province where retail sales were weaker in 1998 than in the previous year. Declining sales in drug (-3.8%), automotive (-3.6%), furniture (-2.1%) and food (-1.0%) stores all contributed to the downturn. However, general merchandise (+1.7%), clothing (+0.5%) and other (+2.2%) stores did better last year than in 1997.

  Canadian sales rose 4.3% last year, led by strong growth in Ontario (+8.0%) and New Brunswick (+6.0%). Alberta (+4.8%) and PEI (+4.5%) also posted gains above the national average. In the rest of Canada, increases ranged from +0.2% in Saskatchewan to 4.0% in Nova Scotia. *Source: Statistics Canada*

- **The number of employment insurance (EI) recipients in British Columbia declined 0.4%, to 67,870 (seasonally adjusted) between November and December.** The decline was part of a nationwide trend which saw the number of beneficiaries decrease in eight of the twelve regions. Newfoundland (+2.0%) and NWT (+1.8%) recorded the largest increases, while Nova Scotia (-6.9%) and Ontario (-3.7%) posted the biggest declines. There were 536,210

Report **Direct Tourism Employment**

Did you know...
Last year, 110,400 British Columbians held more than one job. Since 1987, the number of multiple-job holders in BC has increased 80%. Women (59,800) were more likely than men (50,600) to be multiple-job holders.

Canadian EI recipients in December, 0.6% less than in the previous month. *Source: Statistics Canada*

- **In December, the average weekly earnings of British Columbians edged down 0.1%, to $620 (seasonally adjusted).** Among all Canadians, the average weekly pay was $608, 0.1% more than in November. Wages were lowest in PEI ($493) and highest in NWT, where workers earned an average of $721 per week. Yukon ($673) and Ontario ($649) were the only other regions where average earnings exceeded those in BC. *Source: Statistics Canada*

- **There were 666 consumer bankruptcies registered in the province during November, 28.1% more than in the same month of 1997.** PEI (+83.3%) and Nova Scotia (+23.0%) were the only other regions where there was a significant increase in the number of consumer bankruptcies. Nationwide, the number of consumer bankruptcies rose 1.6%.
Source: Industry Canada, Bankruptcy Statistics

- **Business bankruptcies increased 43.7%, to 102 in November.** BC, Saskatchewan (+109.5%), Ontario (+22.7%) and Alberta (+5.1%) saw increases in the number of bankruptcies filed. In all other provinces, there were fewer business bankruptcies last November than in the same month of 1997. The number of business failures registered in Canada was up 5.2%, at 955.
Source: Industry Canada, Bankruptcy Statistics

Agriculture

- **British Columbia farmers received $1.8 billion from sales of crops, livestock, and other payments last year.** This was virtually unchanged (+0.1%) from 1997. Crop receipts were down 4.3%, as fruit and vegetable sales declined 4.1%, and receipts from sales of floriculture and nursery products dropped to 6.1% below the 1997 level. Fruit and vegetable sales account for about half (48%) of all crop receipts in the province, and more than a third (37%) of crop receipts come from sales of floriculture and nursery products.

  Offsetting the decline in crop receipts was a 3.0% increase in the value of livestock sales. Receipts from sales of cattle (+7.0%) and dairy products (+4.1%) continue to increase, but farmers producing poultry and eggs (-0.7%) did not fare as well in 1998 as in the previous year.

  Canadian farm cash receipts declined 2.1% in 1998, as farmers in the prairies (-4.6%) and Ontario (-1.3%) were hurt by lower grain prices and a collapse in the hog market.
Source: Statistics Canada

Hospital utilization

- **British Columbia's hospital discharge rate (discharges, including those due to death, per 100,000 population) fell 3.8%, to 10,730 in the 1996/97 fiscal year.** There were 417,246 British Columbians discharged from hospital during that year.

  The number of Canadians staying overnight in hospital reached a record low in 1996/97 as the hospital discharge rate declined 6% to its lowest level since 1961. There were 10,523 discharges for every 100,000 people, well below the peak rate of 16,802 in 1973. The decline in the discharge rate reflects a trend to more frequent use of ambulatory care and day surgery, a shift from hospital to community-based services, and an increased emphasis on health promotion and disease prevention. Advances in pharmacology and surgical techniques have also contributed to a decrease in the need for hospital stays.
Source: Statistics Canada

Tourism

- **Canadians made 5.7 million person-trips to British Columbia in the third quarter of 1998, accounting for 11.0% of all domestic travel in Canada.** Spending on these trips–with an average stay of 5.0 nights–was estimated at $1.1 billion, or $187 per person-trip. British Columbians accounted for two out of every three dollars spent on domestic travel in the province, with the remaining dollar being spent by residents of other provinces. *Source: Statistics Canada*

highlights, Issue 99-08
February 26, 1999

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February 26, 1999

Infoline Report: Direct Tourism Employment

Contact: Lillian Hallin / (250) 387-0366

Originally published in January 1999 issue, *Business Indicators*. Annual subscription: $60 + GST

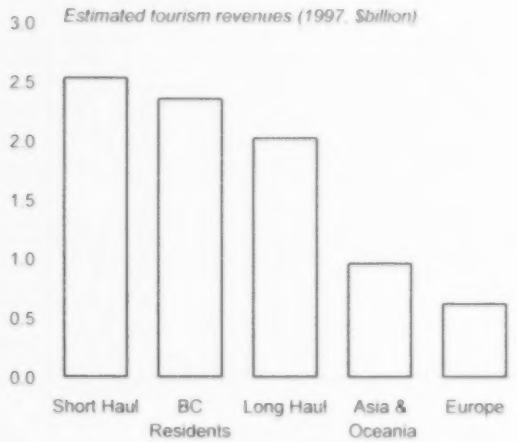
Introduction

In 1997, 21.3 million tourists spent an estimated $8.5 billion on overnight travel in British Columbia. The Prairie Provinces and the US Pacific Northwest ("short-haul" sources) were the largest source of tourism revenue, with 6.1 million tourists spending $2.5 billion in BC. British Columbians travelling within the province made an estimated 10.7 million trips, and spent almost as much ($2.3 billion) as the short-haul tourists. Visitors from more distant parts of North America ($2.0 billion), Asia ($952 million) and Europe ($610 million) were also important sources of tourism revenue.

What is a tourist?

- *A tourist is a person who travels to, or stays at, a place outside their usual environment for a period of no more than a year.*
- *A tourist can travel either for business or for pleasure. However, migratory workers (those living away from home on a temporary basis in order to be at their place of work) are not considered to be tourists.*
- *A tourist does not have to travel far from home, or stay away overnight. Tourists include day-trippers, as well as people making longer visits.*
- *People visiting their vacation homes or cottages are considered to be tourists.*

Residents of BC and neighbouring regions spent $4.8 billion travelling in the province during 1997



Source: Tourism BC

Tourist expenditures help support many different businesses providing accommodation, meals, transportation, retailing, and a variety of other services to both tourists and residents. Even services such as health care and education are used by tourists from time to time. As such, tourism has been an important factor contributing to the province's ongoing evolution from a resource-based to a service-oriented economy.

The traditional view of economic growth has been that it is fostered by goods production, and that services exist mainly to support industries such as paper or wood manufacturing. As the economy has become more dependent on services (three out of every four workers in BC are employed in the service sector), there has been a growing awareness of the need for data on the economic benefits derived from activities such as tourism.

Measuring the economic benefit generated by most industries in the service sector is a relatively straight-forward task, as traditional service industries such as retailing are usually

well-defined. However, in the case of tourism, the number and diversity of services used by tourists is both a strength of the sector, and an obstacle to the accurate measurement of its economic benefits. Tourism is viewed as a "synthetic" industry incorporating parts of other, broader industries such as food services, transportation, and accommodation. As a result, economic indicators such as GDP and employment have not been available for the sector until very recently. BC STATS has been producing estimates of tourism GDP since 1991. In this paper, direct tourism employment estimates are being published for the first time.

Direct Tourism Employment

What is direct tourism employment?

Direct tourism employment is a measure of the number of people working in various industries which serve tourists. It includes workers in industries ranging from food and beverage services to retailing and wholesaling, and even health care and education.

Are tourism employment estimates comparable to other employment figures?

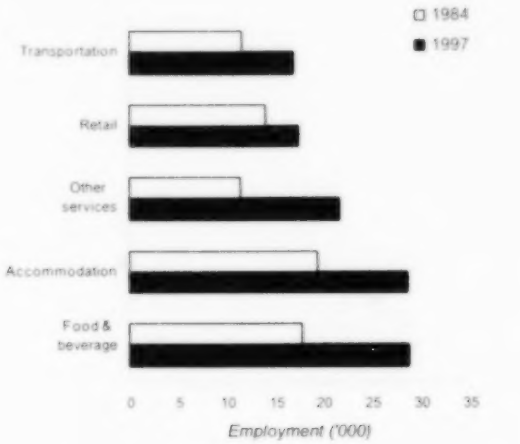
Yes, as long as care is taken to ensure that jobs are not double counted. Since the tourism employment figures are calculated by apportioning a share of total employment in each industry to the tourism sector, those jobs must be subtracted from total employment in the relevant industries.

Almost 113,000 British Columbians are directly employed as a result of tourism

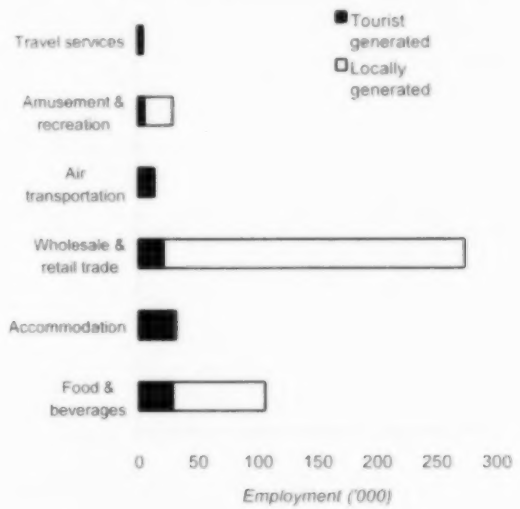
In 1997, 112,900 jobs in British Columbia were the result of tourist activity, making the tourism sector the fifth largest employer in the province. This includes workers in a variety of industries, ranging from food and beverage services to government workers whose jobs are tied to tourist activities. All of the tourism jobs are in the service sector.

One in two jobs in the tourism sector are in either the accommodation (28,600) or food and beverage service (28,600) industries. Retail trade (17,300) is the third largest employer, followed by the transportation industry (16,900). Airlines provide three out of every four tourism-generated jobs in the transportation industry. Other major employers in the tourism sector include amusement and recreation (5,900) and travel services (4,700).

More than half of the jobs are in the hospitality industries



In some industries with a tourist component, most of the jobs aregenerated by locals



In some industries, almost all of the jobs are tourist related. For example, all of the employment in the travel services industry is attributed to tourism. Similarly, most of the people employed in the accommodation sector owe their jobs to tourist activity.

Other industries rely only partially on the tourist trade. For example, three out of four jobs in the food and beverage services industry are attributable to local demand by residents who eat at fast food outlets, more upscale restaurants and hotels, or hire these establishments to provide catering services. Local residents may be more likely than tourists to frequent pubs or taverns. In a 1996 survey, three out of four households in BC reported spending some of their food budget on restaurant meals. These meals accounted for a third of their average weekly food budget.

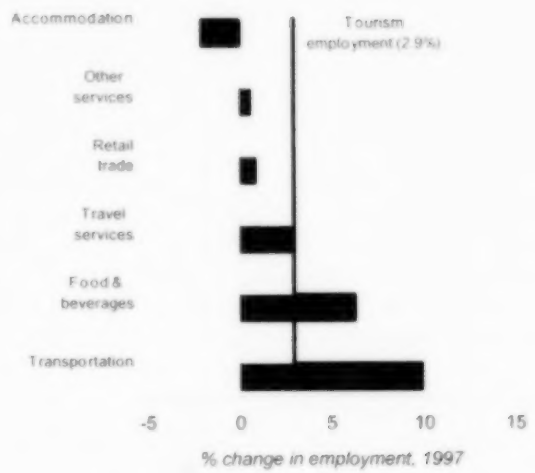
Another example can be found in the retail trade industry, where some stores (such as souvenir shops) are almost exclusively tourist-related, while others (such as paint and wallpaper stores) are much less likely to be affected by the tourist trade.

A growing industry...

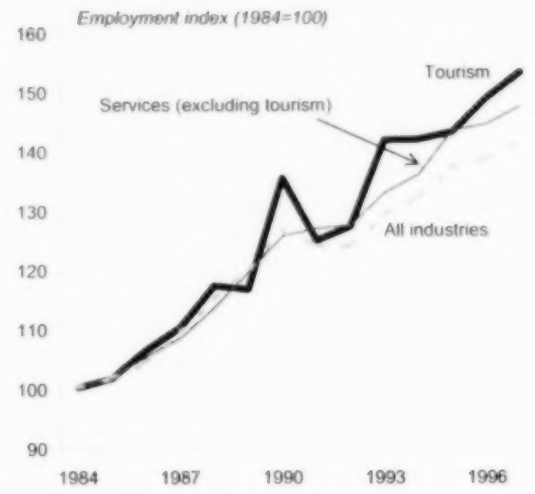
Employment in tourism increased 2.9% during 1997, continuing an expansion that began early in the decade. Since 1992, the number of people working in the sector has risen in every year except 1994, when tourism employment was virtually unchanged, edging up 0.1%. Employment growth in the industry has averaged 3.8% (compound rate) each year since 1992. This compares to an average of 2.7% for all industries in the province.

The number of tourism-generated jobs in the transportation and communication industries rose 10.0% in 1997, providing much of the impetus for growth within the sector. This was largely due to employment gains in the air transportation industry, where the number of jobs climbed 11.1% between 1996 and 1997. This was the fourth straight year of employment growth following a turbulent period in the early 1990s, when there was little or no increase in the number of jobs available. The air transportation industry has been undergoing a restructuring during the 1990s, as increased competition from discount air carriers has forced airlines to compete aggressively for passengers.

The transportation industry posted the strongest gains in 1997



Since 1984, employment in tourism has increased more than in other industries, but has also displayed more volatility



Job growth was also strong (+6.3%) in the food and beverage service industry. Travel agents and other establishments providing travel services (+2.9%) added to their staff in 1997, but fewer jobs were available in the accommodation (-2.1%) and amusement and recreation (-2.3%) industries.

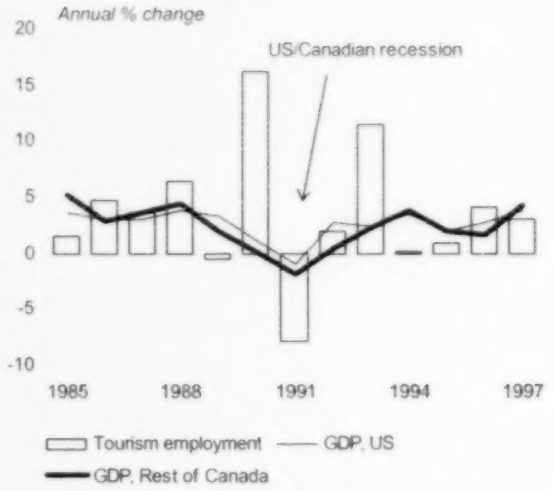
Since 1984 (the first year for which data are available) the number of people employed in the tourism sector has increased more than 50%. Employment growth in the sector has outstripped growth in other service industries, and in the economy as a whole.

The volatility of the tourism sector's employment growth during the period since 1984 is a reflection of its highly cyclical nature. Travel and hospitality expenditures by tourists (including people travelling for pleasure as well as those travelling on business) tend to be discretionary. When times are tough, travel expenditures are among the first to be cut back by budget-conscious consumers. This in turn can translate into job losses in industries which depend on tourism as their mainstay.

This effect was largely responsible for the downturn at the beginning of the decade, when the number of jobs in the tourism sector fell from 99,800 to 92,000. The US/Canadian recession and the economic slowdown in BC at the beginning of the decade were important factors contributing to the decline.

Employment in the accommodation industry was most affected, plunging 16.2% in 1991. The transportation industry posted a 2.6% decline in tourism-generated jobs. However, when the US and Canadian economies entered a period of stable and strong growth in the mid-1990s, employment in BC's tourism sector began to expand. A large influx of visitors from Asian countries, especially Japan, also provided an important boost to the tourism sector.

External economic conditions can boost, or hurt, the tourism sector



How is direct employment in tourism measured?

- *Direct employment estimates are generated by apportioning a percentage of total employment in various industries to the tourism sector. In some cases (e.g., accommodation), the share may be very close to 100%. In other cases, such as the food and beverage industry, the tourism share is much smaller (about 25%), as a significant percentage of the industry's activity is generated by residents rather than tourists. Some industries, such as education, may include activities that are entirely unrelated to tourism (e.g., elementary and secondary schools) as well as activities that have a strong tourist orientation (e.g., museums). Estimates of the tourism share are determined on an industry by industry basis, then applied to employment data for each industry.*

What's the source of the data?

- *Direct tourism employment estimates are based on information from Statistics Canada's Survey of Employment, Earnings and Hours (SEPH), an employer survey. The SEPH data provides a wealth of detail about employment, wages and hours in a large number of industries. However, because it is based on an employer survey, the SEPH data does not include:*
  - *Self-employed workers*
  - *Workers in agriculture*
  - *Workers in the fishing industry*

continued . . .

. . . continued

- *A comparison of total employment figures from SEPH and the Labour Force Survey (LFS, a household survey which covers workers in all industries as well as the self-employed, but provides less industry detail) suggests that the SEPH data may be underestimating total employment in all industries by about 397,000. Of this total, most (379,000) are self-employed. The remaining 18,000 workers are paid employees in agriculture and fishing. However, it should be noted that some of the differences between the SEPH and LFS estimates are due to other factors as well.*

Table 1: Direct Employment

Employment in '000	Tourist generated	Locally generated	Total
Goods	0.0	291.8	291.8
Food & beverage services	28.6	77.6	106.2
Accommodation	28.6	3.2	31.8
Wholesale & retail trade	21.5	252.4	273.8
Air transportation	13.1	1.1	14.2
Amusement & recreation	5.9	23.5	29.5
Other transportation	5.5	82.2	87.7
Travel services	4.7	0.0	4.7
Other services	1.9	155.9	157.8
Health	1.3	152.8	154.1
Education	1.0	127.5	128.5
Finance, Insurance & Real Estate	0.5	88.6	89.1
Government services	0.3	72.5	72.5
Total services	112.9	1,037.0	1,149.9
All industries	112.9	1,328.8	1,441.7

Tourism activities put $2.6 billion into the pockets of BC workers in 1997

Workers in the tourism sector earned an estimated $2.6 billion in 1997. Of this total, about a third ($800 million) was earned by workers in the transportation and communication industry. The payroll of the accommodation industry was estimated at $540 million, while tourism-generated wages in the food and beverage sector were estimated at $360 million. The estimate does not include income from tips and gratuities, which account for an important part of the wages for many workers in the hospitality industries.

From airline pilots to entrepreneurs... they're not all "McJobs"

Although tourism is often characterized as a low wage employer, the stereotype is somewhat misleading. Occupations within the tourism sector cover a broad range of skills and salary levels. For example, highly-trained airline pilots, administrators, analysts and museum curators are employed in the tourism sector. Workers in occupations like these often earn wages which are well above the average.

However, many of the jobs in the tourism industry are entry-level positions which require minimal training. They often provide temporary employment for students and others who are just entering the workforce. Individuals who continue in these jobs are usually able to ascend to better positions at higher pay as they gain more experience and work their way up in an organization.

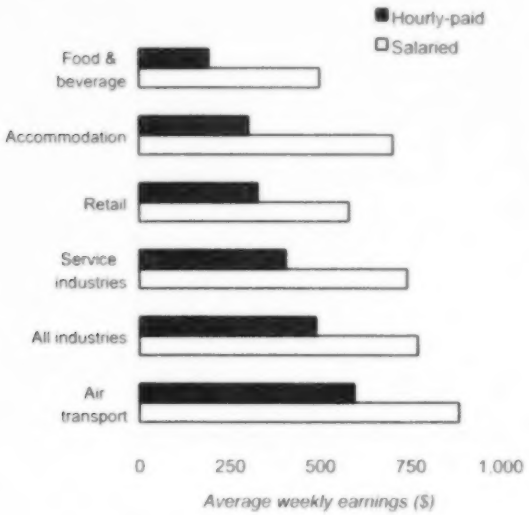
What effect does the exclusion of self-employed workers have on the direct employment estimates?

A rough adjustment to the direct tourism employment figures using industry averages for the major components suggests that the SEPH-based estimates may be underestimating direct employment in tourism by about 13,000 (10% of the total). This compares to about 20% of people working in all industries who are not covered by the SEPH survey. In addition to agriculture and fishing, industries which are significantly affected by the exclusion include construction, business services, and personal services. In some of these industries, as many as half of the people with jobs are self-employed.

Many workers in the tourism sector are employed part-time (less than 30 hours a week) and their wages reflect this fact. Individuals may choose part-time employment over full-time work for a variety of reasons, such as family

obligations, or because the type of work they do is very seasonal in nature.
This is a significant factor in the tourism sector, where there are definite peak, shoulder and low seasons. Employers may hire additional workers on a temporary basis during the high season in order to cope with increases in demand, but may not be able to offer them ongoing employment when tourism activity tapers off in the winter months.

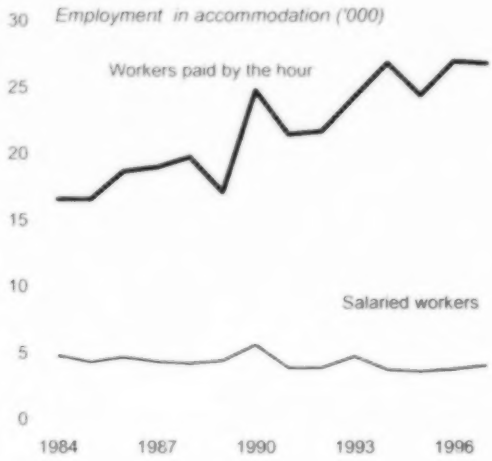
Wages are highest in the air transportation industry



A wide range of pay scales

The average worker in BC earned $614 per week in 1997. Among salaried workers (41% of all employees), the average was $772 per week (including overtime), while workers paid by the hour earned $489. Within the tourism sector, wages ranged from a low of $193 per week for hourly paid workers in the food and beverage services industry to $886 for salaried employees in the air transportation industry.

The number of hourly-paid workers in accommodation services has been climbing, but there are fewer on salary now than in 1984



The accommodation services industry shows some interesting trends. In this industry, salaried workers–who make up 13% of the total–had average earnings of $702 weekly in 1997. Hourly-paid workers, many of whom are employed part-time, earned $302, but worked an average of only 27 hours a week.

The proportion of salaried workers in this industry has fallen from 22% of the workforce in 1984 to 13% in 1997. Despite shrinking in number, these workers doubled their average earnings between 1984 and 1997.

During the same period, over 10,000 workers paid by the hour have been added to the payroll in the accommodation sector. Average wages for these workers have increased about 50% since 1984, partly as a result of a longer work week (the average work week for hourly paid employees has increased by 2 hours since 1984).

Earnings for the 83% of workers in the food and beverage services who are paid by the hour are well below the provincial average. Average weekly earnings in this industry were only $193, based on a short 22 hour week. Salaried

workers earned $499 weekly, also below the provincial average. Wages in the food and beverage services industry tend to be low, as many employers expect their workers to be able to supplement their wages with tips for good service.

The air transport industry, the largest tourism employer in the transportation industry, has a very different set of working conditions. In this industry, nearly three-quarters of the employees were salaried, earning $886 per week in 1997, 15% more than the provincial average. Waged workers also fared better than average, receiving $595 for a 35-hour work week .

The potential to grow even more

Events such as Expo 86 and the APEC summit in November 1997 have enhanced the province's exposure as an international tourist destination. In addition, the growing popularity of recreational facilities such as those at Whistler/Blackcomb–which is becoming one of the top skiing destinations in North America–have given the province a high profile overseas and in the rest of North America. As more visitors come to British Columbia, they will stimulate the demand for goods and services provided by the tourism sector. It is likely that tourism will continue to be an important source of job creation in British Columbia as the province progresses along the road to greater diversification.

Infoline

February 26, 1999

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BC at a glance . . .

POPULATION (thousands)	Oct 1/98	% change on one year ago
BC	4,016.9	0.9
Canada	30,381.1	0.9
GDP and INCOME		
(BC - at market prices)	1997	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	109,347	3.3
GDP *($ 1992 millions)*	98,201	2.2
GDP *($ 1992 per Capita)*	24,775	0.1
Personal Disposable Income *($ 1992 per Capita)*	16,340	-2.3
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Dec	2,948	4.9
Merchandise Exports (raw) Dec	2,160	4.1
Retail Sales (seasonally adjusted) Dec	2,752	-5.0
CONSUMER PRICE INDEX		
(all items - 1992=100)	Jan '99	% change on one year ago
BC	109.9	0.2
Canada	108.9	0.6
LABOUR FORCE (thousands)		
(seasonally adjusted)	Jan '99	% change on one year ago
Labour Force - BC	2,096	4.2
Employed - BC	1,926	5.7
Unemployed - BC	170	-10.8
		Jan '98
Unemployment Rate - BC *(percent)*	8.1	9.5
Unemployment Rate - Canada *(percent)*	7.8	8.8
INTEREST RATES (percent)	Feb 24/99	Feb 25/98
Prime Business Rate	6.75	6.50
Conventional Mortgages - 1 year	6.40	6.40
- 5 year	6.90	6.85
US/CANADA EXCHANGE RATE	Feb 24/99	Feb 25/98
(avg. noon spot rate) Cdn $	1.4986	1.4236
US $ *(reciprocal of above rate)*	0.6673	0.7024
AVERAGE WEEKLY EARNINGS		
(industrial aggregate - dollars)	Dec '98	% change on one year ago
BC	619.63	1.1
Canada	606.59	1.1

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Earnings } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

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You can preview an older issue of the various items to be found in our subscribers only directory. Some of the items include only the cover or a sample section of the actual report. We will try to complete this work as time permits. For now, we hope it's enough to get you motivated to subscribe today!

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- Immigration Highlights, 1998 Annual
- Business Indicators, February 1999
- Earnings & Employment Trends, November '98
- Tourism Room Revenue, October 1998
- Current Statistics, February 1999

Next week

- Tourism Room Revenue, November 1998
- Quarterly Regional Statistics, 4th Quarter 1998

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